

Champlin explained how the local advertising market has been changing in recent years:

**"You drove through downtown. It's a pretty scary sight. What bothers me is that 85 percent of our revenue comes from local advertising. . . . What is going to happen is that you are eventually going to have a city with no locally owned shops. So everybody works for Wal-Mart and everybody works for Mutual of Omaha, but who then runs the local United Way?"**

A major mall's been built here. In the last few years, we've had an influx of the Wal-Marts, the superstores, and the local retailers have been taking it on the chin. You drove through downtown. It's a pretty scary sight. What bothers me is that 85 percent of our revenue comes from local advertising, and it's not like these guys wake up in the morning and say, 'Gee, I need to advertise.' That's not the way it works. Radio sales are tough. Nobody has to convince Wal-Mart or McDonald's. They have surveys and studies and a genius working on this on a daily basis. Some poor little retailer does not have the wherewithal to even know how much to spend or what to spend it on. His only recourse is the local radio station because everything else is nationally driven. What is going to happen is that you are eventually going to have a city with no locally owned shops. So everybody works for Wal-Mart and everybody works for Mutual of Omaha, but who then runs the local United Way? Everybody has to go to Bentonville, Arkansas to plead their case. Wal-Mart is generous, but they're giving their money to the national United Way, not to local organizations.

**"... national business is becoming a more important part of what we do. We are still probably always going to make the bulk of our money with local people, but there are going to be fewer of those local merchants."**

Chambers added:

Local advertising represents about 90 percent of our total revenue. And about 10 percent is national business. That is changing because the marketplace is changing, the Enid marketplace. It used to be that all of the stores in downtown Enid were owned by local people who made decisions. There still are lots of folks like that out there, but with malls, suddenly you have ownership that's somewhere else, with buying decisions made either at the corporate level or made by the advertising agency associated with a particular company. So the mix is changing and national business is becoming a more important part of what we do. We are still probably always going to make the bulk of our money with local people, but there are going to be fewer of those local merchants.

**"We're advertising to get potential customers to come in or call us to talk with them about their situations and their insurance requirements. . . . It's hard to measure tangible results — to say I sold this particular policy because I advertise on the radio. We are trying to purchase effective coverage of the community."**

We have many of the amenities of a large metropolitan area, but we're primarily a large farming community. We have been in business here since 1927. In our advertising, we are not quoting prices like a store might for a shirt or a car dealer for an auto sale. It is a shotgun- rather than a rifle-shot approach to advertising, but it's focused in this market. We're advertising to get potential customers to come in or call us to talk with them about their situations and their insurance requirements. There are people moving to town all of the time, and we're trying to notify them that we sell insurance. It's hard to measure tangible results — to say I sold this particular policy because I advertise on the radio. We are trying to purchase effective coverage of the community.

Chambers described the variety of formats currently available in the Enid market:

**"... scanning up and down the AM and FM dials, there are probably 40 to 50 signals. Here in Enid we have news/talk, contemporary country, classic country and an oldies/adult contemporary mix station. There is real competition for Enid coming from Oklahoma City. . . . They have the classic rock stations, the album-oriented rock stations, the contemporary hit stations, there's a jazz station. There are classical-format public stations."**

In the Enid market itself, we have five signals that are in the market proper and scanning up and down the AM and FM dials, there are probably 40 to 50 signals. Here in Enid we have news/talk, contemporary country, classic country and an oldies/adult contemporary mix station. There is real competition for Enid coming from Oklahoma City. I don't know of anyone who has large numbers from Tulsa or from Wichita, but Oklahoma City stations do very well. They have the classic rock stations, the album-oriented rock stations, the contemporary hit stations, there's a jazz station. There are classical-format public stations. The one out of Stillwater has good listenership in this market. Commercially, the competition is really coming from Oklahoma City. Most of the listenership that we lose out of Enid's market goes to Oklahoma City. There are smaller losses going to other places, but the bulk of it's going to Oklahoma City.

The availability of so many stations has had an impact on the mix of advertising for local broadcasters, as Chambers noted:

The ad agencies generally don't see Enid as being a market where it makes sense to buy. They will buy in Oklahoma City or they'll buy a national network to get coverage here. It is one of the biggest concerns that we have. If Sears, which is here at the mall, has a heavy schedule running on the CBS radio network, we probably are not going to get a Sears buy. Now most of these businesses do have a very small discretionary budget that they can work with at the local level. But its minimal, it's smaller than most of the mom-and-pop

people with whom we talk on a daily basis. So the shift in the population of merchants has an impact. There's no way for us to get to those dollars. This past year we've probably spent more time looking at how we can attract national dollars than we have at any time in the past.

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### **The Role of Local Radio in the Community**

In the face of increasing competition, the local radio broadcasters have worked hard to maintain a commitment to local programming. Jed Dillingham provided an overview from the vantage point of a local businessman and lifelong resident:

The local stations are very involved in the community. They get involved in supporting the local schools. They cover local issues, whether we have a bond issue or a school board meeting. A few years ago, they extensively covered the issue of whether a sales tax should be passed to fund the purchase of the university. A lot of the information that gets out to the public on those types of issues — local issues — comes through our radio station.

"The people on the local stations are people you know and trust. They're the folks you look to tell you that the street is closed or there is a tornado. Sometimes to even survive you need accurate, up-to-the-minute information about the weather conditions and you get that from your radio stations."

The people on the local stations are people you know and trust. They're the folks you look to tell you that the street is closed or there is a tornado. Sometimes to even survive you need accurate, up-to-the-minute information about the weather conditions and you get that from your radio stations. A lot of times the TV or the cable system in town will be down in bad weather. You rely on the local radio. There really aren't any alternatives. You've got your Oklahoma City-based radio stations that we receive here, but they won't have close coverage of local conditions. Almost all of the homes here in Enid are now hooked to the cable system. If that goes out, you just can't put your rabbit ears out on your TV, so you use your radio. If the electricity is out, you may rely on a portable radio or your car radio.

Hiram Champlin talked about his stations' role:

As far as localism is concerned, I can't think of a significant event for which we have not been involved in one way or another. Let me give you some recent highlights: After the Oklahoma City bombing, we had a 24-hour radiothon and raised \$13,000 for the Red Cross. About

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**"It is important to have some local connection whether it's with high-school athletes or the local deejay who is involved in a way that some banker who works for Super Giant Bank of America cannot be. It makes a difference. It's what establishes the identity of a place."**

six months ago, a mother was driving down a country road at night with her small child buckled up in the kid seat. The car went off the road, ended up in the creek upside down and was filled with water. The mother drowned, but the baby survived. We held a radiothon to raise a college fund for this child. There is a juvenile home in Oklahoma; we held a broadcast auction to raise money to expand the number of beds. We support the local theater program. We try to support the local community in every way we can.

He added:

Coverage of high-school sports is important. In Enid, in this whole area, it's very important to people. We do a lot of baseball, basketball and football. That's just part of the grid of society. People can't get there because they have to work, but they want to hear about their son at the state baseball tournament. We might gross \$500 on a ballgame and I spend \$250 to cover it. Economically it is almost not worth the trouble to do it, but it is part of the obligation of the station to the community.

I'll mention one other thing. I never would have believed it until I bought these stations, but the local deejays are heroes. They're involved in all these events in the community. They are in this business because they love it. They are underpaid as a general rule. These guys are at every event putting in long days and the kids look up to them. It is kind of amazing to see the influence that they have on the kids. It is important to have some local connection whether it's with high-school athletes or the local deejay who is involved in a way that some banker who works for Super Giant Bank of America cannot be. It makes a difference. It's what establishes the identity of a place.

Bert Chambers emphasized the news and public issues coverage provided by his stations:

Our information segments run in the morning — from 6:00 to 9:00, and in the afternoon from 5:00 to 6:00. We're proud that we have maintained a dedicated news staff. We have a full-time news director who is very much involved in the community. We cover all of the meetings of the local school board, the city commission, the county commission. We maintain a very strong relationship with the police

department, the fire department, and the county sheriff so that we can remain involved in what's happening in the community from a public safety standpoint.

**"The things that we're most proud of are the programs that we've developed that go beyond the news. The news is a service. It's an obligation and a part of what we're supposed to do as local broadcasters. But going beyond that, we have developed several community programs. . . . We brought in the gubernatorial candidates, the senatorial candidates and the local county commissioner candidates and let them debate the issues."**

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We have one program that's called 'Let's Talk.' That's a Saturday morning program that deals exclusively with what's happening in the community. Whether we are trying to raise funds for the Leonardo's Discovery Warehouse downtown — that's a hands-on science exhibit for young people — or the Cherokee Strip Day celebration being carried from the courthouse lawn. Anything that is happening within the community, we can feature on the 'Let's Talk' show and we do. We have also developed a program called 'Stand Your Ground' — which is a political debate program. We started it last year during election time. We brought in the gubernatorial candidates, the senatorial candidates and the local county commissioner candidates and let them debate the issues. Then when the political season was over and all the fires had died down, we decided it was something that we needed to keep on the air because it really gives us issues-oriented programming.

**"For communities of this size, it's absolutely necessary to have a flow of information. Not just to communicate during emergencies, but also to ensure a discussion of public issues that keeps people in touch."**

Mike Cooper described things from the perspective of a local elected official:

For communities of this size, it's absolutely necessary to have a flow of information. Not just to communicate during emergencies, but also to ensure a discussion of public issues that keeps people in touch. And it's important that there be local voices. Without them, you've disenfranchised a lot of people.

Local radio serves an especially critical role in helping the community deal with emergency situations. Mayor Cooper explained:

Radio also plays an important role in helping our city cope with emergencies, whether it's flooding, fires, tornadoes, or, of course, now terrorist incidents. Yes, we have 911, but people still rely on radio when there's an emergency. I've noticed the difference, too,

**"The problem is you don't have a local flavor or spin. It's great to get music and world or national news, but it's not localized."**

when local stations are being programmed from, say, Dallas. It's usually on the weekends, or late at night. The problem is you don't have a local flavor or spin. It's great to get music and world or national news, but it's not localized. If we have an emergency here, people want information, details about how to cope, things like when the lights will be back on. That's not the kind of information you can expect from a service out of Dallas or some other city.

Both Champlin and Chambers described the role their respective stations play in various types of emergencies.

First Champlin:

**"[T]his is the kind of thing you begin to lose if you have to cut costs. How do you get somebody to be here 24 hours a day when it is so easy to flip a switch and automate the operation? You start eliminating pagers. You don't find the guy down in Oklahoma City who monitors the weather. You let the National Weather Service do it."**

In terms of helping in emergency situations, Enid is smack-dab in Tornado Alley. A month ago, Steven Spielberg was filming 20 miles north of here for the movie 'Twister' which is going to be out next year. The biggest tornadoes ever recorded in the United States were about 40 miles away. We get tornadoes on a routine basis around here. The National Weather Service sends out a special code to alert us, but often they don't warn us until it's happening. The Oklahoma City County Emergency Management has a fellow who does nothing but watch the weather in Oklahoma. We have a staff member assigned 24 hours a day to wear a pager to be ready to receive that information. When folks hear a storm siren, they go into the basement or a tornado shelter, they turn on their radio. They don't turn on their TV. They turn on their radio and they listen to us for emergency information. I don't know how they would get that type of information any other way. We go through 40 to 50 tornado warnings in the course of a three-month season. Now this is the kind of thing you begin to lose if you have to cut costs. How do you get somebody to be here 24 hours a day when it is so easy to flip a switch and automate the operation? You start eliminating pagers. You don't find the guy down in Oklahoma City who monitors the weather. You let the National Weather Service do it.

He added:

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Thirty miles away the Union Pacific Railroad has a hazardous waste dump site. Those trucks drive through Enid and those railroad cars go through Enid. We do have derailments around here. In Enid, we

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**"In this area of the country, weather emergencies in terms of tornadoes and flooding are a critical concern. Radio plays an important role in providing information in that kind of emergency."**

get our water from wells. The railroad goes right across the town. The main highway — you saw it — it goes right through the town. The potential for an eco-disaster exists. We had an incident involving an acid-ammonia facility out by the airport, they had a problem and they were evacuating the area. We were involved in that, trying to put out accurate information that people could rely on about the status.

Then Chambers:

In this area of the country, weather emergencies in terms of tornadoes and flooding are a critical concern. Radio plays an important role in providing information in that kind of emergency. I can take you back to probably the most significant event of my career in radio. In 1973, we had a major flood. In recent days, we've had tornado warnings and flash-flood warnings, but we've not had any loss of life and major damage. In that particular instance, we received upwards of 15 inches of rain in an eight-hour period. There was major flooding and there were several people killed. I had come to work at 6:00 in the morning and we had lost power. I'd run out to where our transmitter is located northwest of town and managed to get us back on. Our news director was on air doing the news. As I drove back in, the rain was getting heavier and heavier. We realized that we were in big trouble. We started calling in staff as best we could. Some of them, by that time, realized what was happening and could get here, but some of them couldn't. There was enough high water between their home and the radio station that they could not get here. The news director went to the hospital which was close-by so that he could provide coverage as they started bringing in people who had been injured. We did manage, fortunately, to maintain one phone line. We got through to the police department, and we established contact so they could feed us information. We had other members of the staff who could not get here, but were making telephone calls from home to the disaster agencies then feeding the information back in. At one point, we lost phone service, but at that time there was a pizza business across the street, and their phone was still working. So we'd wade back and forth through the water to get the latest information and broadcast it. We were on the air for about 48 hours straight in the midst of all of that. During that whole event, we were the people's link.

A major success for the Enid community was the Base Closure Commission's decision to spare Vance Air Force Base in the recent round of base closings. The local radio stations played a central role in rallying the community. Mayor Cooper and Bert Chambers told the story:

**"Vance AFB is absolutely critical to the economy of not just Enid, but northwest Oklahoma. . . . We realized early on that the Base Closure Commission was targeting this kind of training facility. We had to get that word out to the community. We also had to determine what we were going to do to protect Vance. . . . To succeed, we had to have the whole community pulling together. We had to develop a message and make sure people heard it. We formed a communications council of our local media people, including radio. . . . The only way we could have brought this strategy off was with the active involvement of local media."**

**Mayor Cooper:** Vance AFB is absolutely critical to the economy of not just Enid, but northwest Oklahoma. It has about a \$115-million impact on the economy of northwest Oklahoma. Enid is one of the top four cities in the state in terms of per-capita income as a result of that base. The average salary on the base is around \$32,000. Otherwise, the average salary in Enid is probably in the \$15,000 to \$17,000 range, so without Vance you see real quickly what happens to your economy.

We realized early on that the Base Closure Commission was targeting this kind of training facility. We had to get that word out to the community. We also had to determine what we were going to do to protect Vance. We knew we couldn't rely on a small group. We had to involve the whole community, all 45,000 people. Because this type of facility is the initial point of entry for anybody going into the Air Force, and is where they form their initial impressions of military life, we had to persuade the Commission that Enid was very proud to be the host community. To succeed, we had to have the whole community pulling together. We had to develop a message and make sure people heard it. We formed a communications council of our local media people, including radio. We drew on them extensively. We wanted the right stories, sound bites, you name it. And our message was broadly focused to impact headquarters in San Antonio and the Air Force people in Washington, D.C. We wanted to be positive all the time. The only way we could have brought this strategy off was with the active involvement of local media.

**Chambers:** The "Base" is so crucial to the very existence of Enid that the thought of losing it was one of the most frightening things that anyone could think of. Early on, it became obvious that we were going to have to do battle and do it in a big way. The town organized the Vance Preservation Committee and the Vance Development Authority to take on that effort. We became heavily involved. In fact, we won a public service award for small-market radio last year for developing a series of announcements talking about the impact that the Base would have on the Enid community. Why it was important to keep it. Why folks should contact their senators and congressmen. How important it was for them to get involved.



"All the local radio stations and everybody else came together in one concerted effort. We managed to get more than 12,000 people out in the middle of the week, many of whom had to take off from work, to be at Vance Air Force Base to greet those commissioners when they came here."

"When we found out the Commission was coming to town, we had to find a way to have them see the community actually cared about the base being here and that the community was involved. That meant one thing — a mass turnout and show of support. It's easy to say it, but you have to back it up."

"We broadcast the entire event so that whether folks were sitting in their office, sitting in their home, at school, wherever they happened to be, they could hear what those commissioners had to say. They could hear what the mayor had to say, what the senators had to say. Local radio could bring it to them as it was happening."

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Some of that was done on a purely public-service basis and some of it was done as part of an advertiser-supported project where local businesses got involved by being participants in the announcements and saying, 'XYZ company urges you to let your senators and congressmen know how you feel about this.' We passed out in the community about 30,000 windshield stickers, 'Enid and Vance: Partners in the Sky.'

Vance initially dodged that bullet, but it was then decided that everybody would get a review. The Commission was going to come to Enid, Oklahoma, and take a look at it. The local authorities called and said, 'We've got to put together the biggest show that has ever been put together in Enid, Oklahoma, and we need you to help.' I certainly would not suggest that our radio station singlehandedly made the difference. It was a community effort. All the local radio stations and everybody else came together in one concerted effort. We managed to get more than 12,000 people out in the middle of the week, many of whom had to take off from work, to be at Vance Air Force Base to greet those commissioners when they came here.

*Mayor Cooper:* The really critical period was the last two weeks. When we found out the Commission was coming to town, we had to find a way to have them see the community actually cared about the base being here and that the community was involved. That meant one thing — a mass turnout and show of support. It's easy to say it, but you have to back it up. Fortunately, we were able to by turning out 12,000 to 13,000 people in the middle of the day, in the middle of the week, in the middle of the summer. There was no doubt in the Commission's minds that the community cares. As one of the commissioners, Admiral Montoya, said, 'This is where people get their first feel of the military. Enid is the type of place that we want our people to come to. We want them to come where the people really care about them and want them to be, quite frankly.'

*Chambers:* We broadcast those events too. Here's what local radio can do that the newspaper cannot do. This happened on a Wednesday afternoon at 1:00. We got 12,000 people to be there. But that means that there were 40,000 or 50,000 people with just as large a stake who could not be there because they were at work. What radio could do is bring them live coverage. We broadcast the entire event so that whether folks were sitting in their office, sitting in their home, at school, wherever they happened to be, they could hear what those commissioners had to say. They could hear what the mayor had to say, what the senators had to say. Local radio could bring it to them as it was happening.

**"That day I literally had the sense that you could have gone anywhere in Enid, Oklahoma, and the radio would have been turned on. The newspaper can't do that. That's going to happen at 2:00 this afternoon and the newspaper will let you know what happened tomorrow morning. The immediacy was conveyed by local radio."**

**"I think people not only appreciate that, but they have come to rely on it. It is one of those things where you would kind of feel lost if you did not get the information or if a community need were not addressed."**

The next step in that process was to go to regional hearings which were held in Fort Worth, Texas. The town needed a strong presence there too and so again we worked with the other radio stations and the newspaper and the Vance Development Authority to get the people to turn out. We had probably 1,500 people who made that trip and then our station was there at 9:00 in the morning on a Saturday, and we broadcast live, commercial-free, from 9:00 a.m. until 3:00 p.m. so that the people of Enid and the surrounding area, whose lives were being impacted, could hear every word of it.

The next step in the process was when the BRAC Commission finally met in Washington. We picked that up and we carried it live. That day I literally had the sense that you could have gone anywhere in Enid, Oklahoma, and the radio would have been turned on. The newspaper can't do that. That's going to happen at 2:00 this afternoon and the newspaper will let you know what happened tomorrow morning. The immediacy was conveyed by local radio. We had here in our studios a lot of the people who were on the Vance Development Authority who we could immediately talk to in terms of their reactions when the good news was announced. It was a long and hard battle. We fought it together.

**Mayor Cooper:** The key was starting early and staying on top of it. At one point, we heard through the grapevine that we were being targeted and that at least one other community was making a case why it should be us and not them. We realized we had to start telling our story and telling it quickly. So we announced a fax campaign using local radio to get the word out. Well, the faxing event was so successful that we absolutely shut down the fax machines at the Base Closure Commission. They were begging us to stop. And the only way we got people to stop was to go back on the radio and say, 'Okay, stop. We've made our point.' Well, they stopped. It was just like someone threw a switch. That shows you how people here connect to local radio and what a role it can play.

Jed Dillingham emphasized the importance of the resources committed by local radio stations:

The local radio stations have spent a lot of their own resources in dollars and time being big supporters of the community. I think people not only appreciate that, but they have come to rely on it. It is one of those things where you would kind of feel lost if you did not get the information or if a community need were not addressed.

Local businesses like ours and the local radio stations put a lot back into the community. We support the park expansions. We support the United Way Campaign and various things of that nature. The consumer is paying for that as a result of hiring us as their insurance agent. But if we didn't do it, who would? You would lose that local focus. When unfortunate things happen, it softens the blow when you've got somebody who, number one, knows you as a person and you are not just a number.

### **The Impact of Competition on Local Radio**

With 40 to 50 stations available in the community and with the emergence of the local cable operator (TCI) as a competitor for advertising, local radio broadcasters have already taken steps to adapt. Bert Chambers explained:

**"The competitive situation is always getting more and more intense. . . . For us, increasing reliance on satellite programming supplies an answer. We really don't have an option to do anything else."**

The competitive situation is always getting more and more intense. On the one hand, you are under tremendous pressure to get your costs down. On the other, you've got to have programming that will attract an audience because that's what you are selling. For us, increasing reliance on satellite programming supplies an answer. We really don't have an option to do anything else.

We benefit by being able to operate both the AM and FM. For example, we share station personnel. The guy who does mornings for us on the FM — he's on the FM from 6:00 until 10:00 — at 10:00 he'll move across to the AM and record the local weather spots that are going to be inserted in the satellite programming. The guy who had done the total morning information segment on the AM, from 6:00 until 9:00, between 9:00 and 10:00 will do commercial production for both radio stations. At 10:00, he moves across the hall and he's now the live-air personality on the FM from 10:00 until 2:00.

He continued:

Our staff now is 13 people. Eleven of those people are full-time, two of them are part-time. When I first started here, we had between 20 and 25 people. I would venture to say that at virtually any small-to-medium-market radio station, the largest single expense item is going

**"There are tradeoffs when you do that. That obviously has an impact on how much we can do at the local level in terms of programming. Do we have as many people who can be involved in that? Obviously not. You just can't do as much."**

to be payroll. And if you are going to significantly reduce the cost of the operation, that's where you have to look. There's not much that I can do about what the public utilities are going to charge me. There's little I can do about the cost of this rental space. There's nothing that I can do about employee benefits that I must necessarily pay and those kind of things. If I want to significantly impact the cost of my operation, I have to immediately take a look at what I am doing with people. There has to be a reduction in staff. That has been the case in the past.

There are tradeoffs when you do that. That obviously has an impact on how much we can do at the local level in terms of programming. Do we have as many people who can be involved in that? Obviously not. You just can't do as much.

Hiram Champlin also emphasized the problems of coping with rising costs:

**"A lot of stations have gone to computerized national syndication shows and satellite services because they simply cannot afford the talent to stay open."**

In the face of increases in ASCAP fees and utility costs and a variety of other items, the only way stations have been able to control their costs is through labor reductions. With the advent of computers, automation is increasing. A lot of stations have gone to computerized national syndication shows and satellite services because they simply cannot afford the talent to stay open.

Champlin explained that there has been a down side to these changes:

**"You can't help it. To keep the station on the air, you become a local conduit for national programming. Within those constraints, you do your best locally."**

I think without local radio there would no doubt be some disenfranchisement of the kinds of small communities we serve. People in Enid don't think the same way they do in Denver or Washington or New York or Dallas. We do some of the satellite stuff. But people know when we do it. And we do a good job. I've spent the money to make sure that we do it right. But people know. You can't help it. To keep the station on the air, you become a local conduit for national programming. Within those constraints, you do your best locally. We cover a big area. They say there are more towns than there are people here. We have a county — the second biggest county in the state of Oklahoma — it's got 5,000 people in it. That's the whole county. The newspaper does not sell enough newspapers up there to afford paying the gas for the reporter to go up there and do something. Who's going to cover that? So, they call in

here. It is just routine that if something happens, the sheriff calls us. We're serving those people.

Chambers summed up the current competitive environment faced by local broadcasters:

"AM had to deal with television, then deal with FM, then deal with cable ad insertion. Cable ad insertion probably has had as much impact on radio advertising budgets as any other thing locally. The variety of programming that is available now on cable has diluted the raw numbers of listeners or viewers that you have for any given service."

We have a local daily newspaper. It is very much a competitive factor in this market. People here buy the Oklahoma City newspaper as well. The local paper is probably, beyond the other local stations, our single largest competitor. But it's only part of the competitive equation. Take a look at what's happened to radio stations: AM had to deal with television, then deal with FM, then deal with cable ad insertion. Cable ad insertion probably has had as much impact on radio advertising budgets as any other thing locally. The variety of programming that is available now on cable has diluted the raw numbers of listeners or viewers that you have for any given service. That's the issue that for me is very difficult to deal with at the local level. How am I going to remain competitive as a radio station against these big guys? How can I maintain those numbers? What do I do at the local level to do that?

### **Concerns About the Future of Localism and the Impact of National Satellite Radio**

"Most of the local businesses are making their buying decisions based on the results that they can get. If the results are not as good, they won't buy as much."

Although the local broadcasters in Enid are justifiably proud of their efforts to cope with the expanded competition they have faced up to now and their continued commitment to local service, they expressed concern about the future. Bert Chambers said he sees national satellite radio undercutting the effectiveness of his station with local advertisers. He explained:

Most of the local businesses are making their buying decisions based on the results that they can get. If the results are not as good, they won't buy as much. Ultimately you have to produce for people or the local relationship you have with them means nothing. They are not going to continue to spend their money with you forever — regardless of the effectiveness. Number one, looking at the local business person, he cannot afford to throw money away in the arena that we are talking about. And that may be one of the most

**"The bottom line is, when I do a remote at the car dealer, does anybody show up? . . . If our audience shrinks and the retailer does not get his message out, nobody's going to show up. He's going to use us only to the extent we deliver."**

frightening things from his standpoint. They've seen what happens when K-Mart comes, when Wal-Mart comes, when the mall comes in. When those things happen, suddenly they cannot afford to advertise at the same kind of level. That means that we have fewer and fewer local advertisers. When they are no longer in existence, I can't sell them and then there's no doubt about what happens to my income. That's really a big issue and one that's frightening.

Hiram Champlin suggested the same result:

Locally, numbers are only part of what we're selling. The bottom line is, when I do a remote at the car dealer, does anybody show up? That pretty well tells the story. The dealer's going to judge us based on how many cars he sells. If our audience shrinks and the retailer does not get his message out, nobody's going to show up. He's going to use us only to the extent we deliver.

Jed Dillingham agreed:

**"The fact that the local stations are involved in the community is good, but they still need to produce results. Otherwise, you feel like you are just pouring money down the drain. If there were a reduction in the listenership, I think we would start spreading our dollars out or we might actually just quit using that medium to advertise."**

The ability of the stations to deliver audience coverage is important to us, whether it's Arbitron or whatever you look at. The fact that the local stations are involved in the community is good, but they still need to produce results. Otherwise, you feel like you are just pouring money down the drain. If there were a reduction in the listenership, I think we would start spreading our dollars out or we might actually just quit using that medium to advertise. We are not able to access the national media. We're the small local guy. We need to target our expenditures on the local audience where we do business. If the listenership goes down, you've taken away an avenue for somebody like us and we can no longer reach our potential customers as effectively.

Chambers thinks that national satellite radio could also have an adverse impact on local radio's ability to retain national advertising:

When we got there, what we found out was that the decision was made pretty much strictly on the numbers in your market. They look at the numbers, county by county, and that is the Bible. And if you have good numbers, you can get some of the money; if you don't

**"That's how this new satellite service would hurt us. It will become even more difficult to get the numbers."**

have the numbers, there's really very little that you can do. That's how this new satellite service would hurt us. It will become even more difficult to get the numbers. If someone else is able to cover this market and get larger numbers than I can deliver, then what case do I build to the national advertiser that says you still need to buy me because I'm the nice local guy? It doesn't matter to them and shouldn't matter to them. I don't ask for them to look at me that way and that's not the way they do business.

Chambers sees competition from a national satellite service differently than he views cable competition today:

**"A DARS system could be advertiser-supported, just as we are, so that there is no charge to the consumer to receive it. And it could be transmitted to every car. To me that makes it a much closer competitor by far than anything that cable can do."**

Satellite DARS will be a more direct competitor than the cable system because cable is television and DARS is a form of radio. With the Digital Music Express service cable provides, at least I've not had to worry about everyone being able to receive it in their car and people have to pay a subscription fee to get it. A DARS system could be advertiser-supported, just as we are, so that there is no charge to the consumer to receive it. And it could be transmitted to every car. To me that makes it a much closer competitor by far than anything that cable can do. But even cable has taken the dollars out of the local advertising pool.

If local broadcasters have to continue to reduce costs to meet competition from satellite radio, there will almost certainly be an adverse effect on the local service they provide. Chambers described the likely outcome:

**"If we had made these cuts in the past, we probably would not have had enough people to do what we did in terms of the Vance Base-closing threat. There's no way that satellite could or would have done what we did. . . . If any of those people had not been on staff, if we had not had them, some part of that would not have happened."**

If this new service does impact us financially, I believe that we will have to look to cut costs to remain in business and the cuts will be in personnel. We would have fewer people. If we had made these cuts in the past, we probably would not have had enough people to do what we did in terms of the Vance Base-closing threat. There's no way that satellite could or would have done what we did. We did two local remotes the day of the Fort Worth meeting. The entire staff was working that day. If any of those people had not been on staff, if we had not had them, some part of that would not have happened.

In our absence, how would people have been informed? Obviously it wouldn't have happened. It just could not occur. No matter how large a staff we have, whether it is 20 people or two people, if

**"We'll always do the best that we can do. We are committed to this community. We've lived here all our lives. This is what we are about and we'll do the best that we can do. But the fewer people that we have, the less we'll be able to do. That's how I see this national service impacting local service."**

something like this happens, we're going to do the best job that we can do. We are not going to not do that. That's why I said earlier that local radio is not going to go away. But what would have happened back then if there had been two or three of us because we had cut back staff? We could not have had a person here and a person at the police department and a person at the morgue and a person at the relief agency. We just could not have covered all the bases. And in that kind of natural disaster, that's what you want to be able to do. So you'll always do what you can do, but it will be less.

We'll always do the best that we can do. We are committed to this community. We've lived here all our lives. This is what we are about and we'll do the best that we can do. But the fewer people that we have, the less we'll be able to do. That's how I see this national service impacting local service.

Champlin urged a balanced policy towards introducing new competition:

**"I think it is important not to just chase technology for technology's sake. What are we giving up for what we are getting?"**

I think it is important not to just chase technology for technology's sake. What are we giving up for what we are getting? We could send a man to the moon every day if we were willing to give up lots of other things. At some point you have to ask, 'How many of those buttons do we all want in our car?'



**Kelso-Longview, Washington  
Interviews**

**Steve Hanson  
General Manager  
KLOG/KUKN**

**Ed Irby  
City Manager  
City of Longview**

**Cheryl Spencer  
Executive Director  
Chamber of Commerce**

**Bob Schlert  
Owner  
Bob's Warehouse**

**Pat Savi  
Automobile Dealer**

**Terry Kynaston  
Owner  
KBAM, KAZL**

## Kelso-Longview, Washington

### The Market

The cities of Kelso and Longview are located in the southwestern corner of Washington State, just over the border with Oregon. Situated on the Columbia River, the cities have traditionally depended on the logging and paper industries. Although Reynolds Metals has closed one plant in the area, it still operates another.

**"There are two very strong Portland radio stations that are country with whom we compete. Then there are stations that are playing a variety of other musical formats, everything from hard rock to soft rock to jazz, classical, what have you. . . . It isn't strictly a matter of format availability either. For example, KBAM does a significant amount of Spanish programming and on a couple of occasions has tried some Vietnamese programming."**

The economic base is gradually becoming more diversified as the area recovers from the recession of the 1980s generally and the decline of the logging industry in particular. The economic downturn cost the area a number of local retailers many of which have not been replaced.

The area receives a large number of radio signals today, many of which originate in Portland, Oregon which is about 40 miles to the south. Steve Hanson, general manager of KLOG/KUKN, elaborated:

We're under the Portland umbrella, so we have a lot of signals coming in here from Portland. There's significant coverage in this area, in fact, some of these stations have more listenership than the local stations in many time periods because the format they carry has a greater mass appeal. Just counting the stations that show up in the book survey here, we have five local stations showing — there's an FM in Castle Rock that doesn't measure — 14 other radio stations that show some strong listenership in this market, so we're also competing for audience with those. And there are, of course, a variety of other signals you can pick up coming in from other places.

He also pointed out the wide range of formats already available in the market:

In terms of formats, we have a variety of country stations — that has been a very popular format. There are two very strong Portland radio stations that are country with whom we compete. Then there are

**"Local sales are substantially larger, but our national sales have been increasing because of our FM showing so well in the numbers, and that's all the national ad agencies buy is numbers."**

stations that are playing a variety of other musical formats, everything from hard rock to soft rock to jazz, classical, what have you. They all show here. All of the modern music formats are very strong, in addition to the talk formats. You've got KXL showing very strong with Rush Limbaugh. They're on in the morning with that. One of the local stations here programs it in the afternoon, but they don't pick up the numbers because it was already established out of Portland and they have had difficulty competing. It isn't strictly a matter of format availability either. For example, KBAM does a significant amount of Spanish programming and on a couple of occasions has tried some Vietnamese programming. The Vietnamese community is relatively small here; the Spanish community is big and growing. So they've done some of both to reach those audiences.

Hanson described the advertising base for local radio stations:

We rely on sales to both local and national advertisers. Local retailers, say a Bob's Merchandise or Allen Associates Realty, use us to reach the local audience. Local sales are substantially larger, but our national sales have been increasing because of our FM showing so well in the numbers, and that's all the national ad agencies buy is numbers. They are strictly interested in numbers. We are getting the agency buys because we're getting these numbers. The chains that are advertising now are, for example, Ernst — a home-building-type store — and all of the major grocery chains, Safeway, Fred Meyer, Thriftway.

**"One of the prime mechanisms we utilize in doing that is the airwaves — the local radio and television stations. That's one of the foremost ways in which we are able to get information out to the community about what's happening with their local government."**

### **The Role of Local Radio in the Community**

Local radio plays several key roles in the Kelso and Longview communities. First, it provides an important source of timely information which helps the communities to function. Ed Irby, the city manager of Longview, discussed this role at length:

As elected officials in this community, we have the charge and responsibility to govern and represent about 34,000 people. We try to communicate the business of government, which is the people's business, as effectively as we can. One of the prime mechanisms we utilize in doing that is the airwaves — the local radio and television stations. That's one of the foremost ways in which we are able to get

information out to the community about what's happening with their local government.

**"I think what helps bridge that gap at the local level is the communication that comes through the radio. If we didn't have our local radio stations or if they, for some reason, couldn't do as good a job, I think our town would be harmed."**

**"During the Mount St. Helens volcano eruption, all of the radio stations in the area were covering the things that were going on because all these communities were affected by the volcano."**

I've been sitting here thinking as we have been talking: How important is that? Today, we hear criticism on all levels of government. People sometimes don't know what government's doing. They don't trust government, in part, because they may not understand what's happening. They sometimes hear bits and pieces of information that, perhaps, have been distorted. Sometimes citizens just don't get any information at all. The result is that we see this huge gap developing between what people feel government ought to do for them or what it shouldn't do, and what it's actually doing.

I think what helps bridge that gap at the local level is the communication that comes through the radio. If we didn't have our local radio stations or if they, for some reason, couldn't do as good a job, I think our town would be harmed. Take a simple example: our city council holds a meeting every other week. Early the next morning, people have the opportunity to hear what's been discussed and what decisions were made that are going to affect them. I always wake up in the morning to the radio to hear what's happening in the community. It's very important to me to find out what's happening in the community. I'm particularly interested in what the reporting is about the city council meeting of the night before and what action was taken by the council.

Consider also the public safety issues involving the police and fire departments. All these things are down-to-earth, nitty-gritty things that people are really interested in, services that we provide locally. We're where the rubber hits the road. When they are informed, people can literally come to a city council meeting collectively — we've all seen that — and make a difference through their expression to their elected officials about decisions that are being made that affect their lives.

Second, radio provides critical information to help people cope with life-threatening emergencies. Steve Hanson provided an example:

During the Mount St. Helens volcano eruption, all of the radio stations in the area were covering the things that were going on because all these communities were affected by the volcano. The first week we had problems with the river. The reports were that we were going to be covered with 50 feet of mud. The Cowlitz River that runs

**"We were on the air and were telling people up the river that they would need to evacuate. . . . We were working with the Emergency Preparedness and Civil Defense people. We had a nuclear power plant down the road here. Its physical integrity was a major concern."**

right over here is where the debris from Mount St. Helens came down, everything flowed through our town. It was full of logs and mud. I mean it was just bubbling; it was a river of mud and logs. The Corp of Engineers had to dredge it. Where my tower used to be located (on the Kelso Elks golf course, right along I-5), is now a shopping center. The Corp of Engineers took big pipes and they pumped all this stuff out of the river up through the city of Kelso over to the freeway and put it in big sandpiles all over this area. They pumped it out where my tower and transmitters had been since 1949. We had to relocate and we had to do it fast because the Corp of Engineers wanted that property.

The second week after the big blow, the ash blew this way. It was raining hard. I live about five minutes from the radio station and you could see the ash coming this way, the sky getting completely black and it got blacker and blacker. It's raining and sparks are flying everywhere with the wires on the power poles being struck by all this wet ash. I couldn't drive, so I got out and walked to the radio station to see what we could do about getting on the air. We had a generator at the transmitter site, but did not have anything here at the studios then. It took us about six hours to get back on the air.

The first weekend we were able to stay on the air because we still had power. We were on the air and were telling people up the river that they would need to evacuate. In fact, I had one of them living with me for three weeks. We were working with the Emergency Preparedness and Civil Defense people. We had a nuclear power plant down the road here. Its physical integrity was a major concern.

We've now installed a power generator here at the station site. We use the money we are making from leasing one of our side carriers for a paging service to purchase the generator. Who's going to buy a generator for emergency broadcast operations if our revenues dry up? If we couldn't do it, how would the people in the community look at us if we weren't able to serve them in their time of need?

Irby emphasized how important it is to have radio's real time-presence in the community:

I'll give you an example. About a year ago, I got a call at 2:00 in the morning notifying me that there had been a major train accident, just south of us. All the cars were off the track, people had been killed and they said that, 'You probably ought to know, Mr. City Manager,

that a couple of those cars may have had chlorine in them and you may have to evacuate your community. We'll keep you abreast of what's happening,' and then they hung up. I'm sitting on the edge of my bed thinking, 'How am I going to evacuate 34,000 people in the middle of the night and get them out of here if there's a chlorine cloud coming?' As it turns out, there wasn't, which was good because I'm not sure how we would have done it, but one of the main mechanisms we would have used to alert people in a hurry certainly would have been local radio. That would have been a prime means of supplying people with accurate information.

**"[O]ne of the main mechanisms we would have used to alert people in a hurry certainly would have been local radio. That would have been a prime means of supplying people with accurate information."**

Third, local radio serves as a catalyst for fundraising to support local charities and community organizations. Hanson described some of his stations' efforts:

One of the fundraising events we did for a number of years involved a place called the Progress Center. It's for children who are developmentally delayed. The Center needed money to keep it going. We'd do radiothons — 24 hours a day for a three- or four-day period — usually at the same time as the Jerry Lewis Telethon. We'd do it locally here, have dunk tanks and the mayor out there in the parking lot and raise money. We were one of the Center's major sources of income back in their early days.

For the Salvation Army, we do a 'Coats for Kids' program. When California had the earthquake, we had the Red Cross here, we had a big truck out front and solicited resources from our community to help another community in their time of need. We filled a big Mayflower moving van and sent it off to California. These are the types of things we do.

Fourth, local radio stations can create a sense of community spirit based on the positive achievements of local citizens, especially young people. Hanson talked about his stations' efforts to promote appropriate role models:

We carry Kelso high-school sports. That's one of the biggest things going in this area. We just did the Bambino Regional Baseball Tournament. We started an 'Athlete of the Week' program 20-some years ago. We take an athlete from one of the area high schools (Longview, Kelso, Rainier, Castle Rock, Kalama) — the communities we serve — and feature someone who has achieved an

outstanding athletic performance. We present the student with a jacket. What's interesting is we always read in the bios in the paper you see, for the high-school students, that they always note the KUKN/KLOG Athlete of the Week award. It gives them a sense of importance, self-worth. A kid says to himself, 'You know, I'd like to be one of those kind of guys.'

Well, we thought about that, and about five or six years ago, we thought since we do this for athletes, why don't we try to do this for scholars and young people who contribute in other ways? So we started another program called the 'KUKN/KLOG Scholar of the Month.' We worked with nine area high schools. They submit a list of their distinguished students and we select one, and do a feature about them on the air: 'Susie Smith held a 3.9 grade average and she's on the volleyball squad, and she belongs to the Spanish Club, and she also works part-time at the hospital and as a volunteer for the local blood drawing.' It is a wonderful way to set an example for the other kids in the area. We present the kids with a plaque and hold an annual banquet. We give each of the students \$100 and a \$1,000 prize to the 'Student of the Year.' We used to do this for KLOG and then we started it for KUKN when we signed that station on. We're hoping that by doing this — recognizing excellence by these students — hopefully other kids will say, 'Gee, I'd like to pattern myself after Susie Smith.' That's contributing to the moral fiber of the community. These are the types of things that radio stations can do. We're very proud of that program. It's the staff's highlight of the year when we hold the banquet. We have the parents come and we pick up the tab for the parents and the students.

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"This community is very oriented around community service and people helping each other, and the radio stations are promoting that all the time. They support all the things we do and they're always willing to bend over backwards to help organizations in the community to do what they're doing to help other people out."

The role that local radio plays in the community was captured in the comments of Cheryl Spencer, the executive director of the Chamber of Commerce:

As far as radio goes, I think the local flavor is very important. I stop and think, 'What would we do without our local radio stations?' There are a number of things I think we'd miss. Number One — these stations offer public service announcements all the time. It's a way for organizations in the community — churches and civic groups — to inform the community about what they're doing as far as activities or promotions or other goings on.

This community is very oriented around community service and people helping each other, and the radio stations are promoting that all the time. They support all the things we do and they're always

willing to bend over backwards to help organizations in the community to do what they're doing to help other people out.

As far as contributing to our community, you stop and you think about all the things the local stations sponsor, the things they promote, the activities they organize in the community. In addition, you see the local radio people all the time out getting the news from the community. You're going to see them out in the community finding out what's going on. I don't think you're going to find that with nationally-oriented services. And I think that's important to people.

**"We are a local business and do all of our advertising locally. If local radio were less effective in reaching people, we'd have a hard time getting to our customers."**

Bob Schlert, owner of Bob's Warehouse, provided the perspective of the local retailer on the importance of local radio:

My retail business is also a local advertiser, although a little bit different than Pat Savi in that we don't have any national advertising to support us at all. We are a local business and do all of our advertising locally. If local radio were less effective in reaching people, we'd have a hard time getting to our customers. We can get to them through the local newspaper, but the radio has a real sense of urgency about it. If we get into a situation where the smelt are running or something else of particular relevance to our business is happening, I can be on the radio in five minutes. With a newspaper, it could be up to two, three, maybe even four days before I can be reaching customers. That's a major concern to us.

**"Our local business is to sell Ford/Lincoln/Mercury/Chrysler/Plymouth products, but it's how we relate to and take care of our customers that makes or breaks us as a viable business. . . . We're neighbors; we have a stake in the community and in the satisfaction of our customers."**

Pat Savi, a local automobile dealer, added:

I think that anybody who thinks it makes sense to reduce the amount of local radio service that's available in the community really doesn't have a very good sense of what community is all about. When I talk about community, I am talking about how we operate and succeed as a local business in the community, not what we as suppliers do nationally. Our local business is to sell Ford/Lincoln/Mercury/Chrysler/Plymouth products, but it's how we relate to and take care of our customers that makes or breaks us as a viable business. It isn't just the product we're advertising. The national car makers advertise the product. That's not how we are spending our dollars. We're trying to build credibility with our customers. We're neighbors; we



have a stake in the community and in the satisfaction of our customers.

"We also have a significant number of people who can't or don't read. . . . Newspaper readership is down. People don't read as much so they don't subscribe, and if they don't subscribe, how are we ever going to reach them?"

Steve Hanson's view is that radio's role is unique in at least two respects:

The *Daily News* is the newspaper and it's a Pulitzer Prize-winning paper on the basis of their coverage of Mount St. Helens — a very, very fine newspaper. It is a daily, six days a week (they don't publish on Sunday), but it does not have the advantage of immediacy. If there is a snowstorm here and Bob's Warehouse wants to get on, say, 'Come down and get snow shovels,' or there's a flood, which we have occasionally, advertisers can use the immediacy of radio. We have a standing order from our large tire dealer that every time that there's a snowstorm, we get on the air and start running his commercials.

We also have a significant number of people who can't or don't read. I've seen the figures and I can't remember, but say it's 20 percent of the students that start school do not finish. I think it's unbelievable and an embarrassment. Newspaper readership is down. People don't read as much so they don't subscribe, and if they don't subscribe, how are we ever going to reach them?

"When a broadcaster asks someone, 'Give us your comments on this or why has this happened or why was that done,' if its coming straight from that person I can feel that, 'Hey, that's a true statement.' It's coming as the people said it, whereas, when it's the print media, maybe the way they report it is a little different compared to the way it was actually said."

Cheryl Spencer suggested another important distinguishing feature of radio:

Referring back to Ed Iby's statement about the role local radio plays when something happens, I know that myself, if I turn on the radio and I hear a statement from someone, I know it's direct — there's no filtering. When a broadcaster asks someone, 'Give us your comments on this or why has this happened or why was that done,' if its coming straight from that person I can feel that, 'Hey, that's a true statement.' It's coming as the people said it, whereas, when it's the print media, maybe the way they report it is a little different compared to the way it was actually said. You can go to city council and sit there and see what happens, but sometimes it comes out a little bit different in the media, not on the radio, but in print. I think that's really important to people and to good government.